

FY 2002 Corrective Actions for Material Weaknesses					
Bureau or Office	Material Weakness	Department Mission Critical Material Weakness	Date Identified	Target Correction Date	Status as of September 30, 2002
BOR	Irrigation of Ineligible Lands	Yes	FY 1994	FY 2002	Downgraded
DEPT	Lack of Accountability and Control over Artwork and Artifacts	Yes	FY 1990	FY 2002	Downgraded
BLM	Management and Oversight of the Land Exchange	No	FY 1997	FY 2002	Downgraded
BLM	Wild Horse and Burro Program	No	FY 1997	FY 2002	Completed
BIA	Acquisition Management	No	FY 1989	FY 2002	Completed
BIA	Real Property Management	No	FY 1995	FY 2002	Completed
BIA	Debt Collection	No	FY 1987	FY 2002	Completed
BIA	Irrigation Operations and Maintenance	No	FY 1987	FY 2002	Slipped
MMS	Internal Controls Over Accounting Operations	No	FY 1999	FY 2002	Completed
OST/BIA	Inadequate Records Management	Yes	FY 1989	FY 2002	Slipped

The following is a summary of the corrective actions implemented for the eight material weaknesses referenced in the table above.

***Lack of Accountability and Control Over Artwork and Artifacts (Department).*** Accountability for, control over, and protection of artwork and artifacts administered by the bureaus and offices throughout Interior were inadequate to ensure the preservation of these objects. Until improved policies, procedures, and controls were implemented, the risk of significant loss of or damage to irreplaceable artwork and artifacts remained high. The strategy for correcting this weakness was to give priority to both completing basic inventories (cataloging) of all museum property and to addressing the most sensitive portions of the collections first. Basic inventories establish accountability and improve security. The most sensitive collections are those subject to possible repatriation to tribes under the Native American Graves Protection and Repatriation Act (NAGPRA). Additional funds have been requested to accelerate progress on completing inventories of all museum property and to achieve full compliance with NAGPRA.

Interior developed and implemented a revised museum property strategy and related policies and procedures. In addition, plans to implement an appropriate infrastructure in each bureau within broad targets defined by Interior were developed and approved. Implementation of the plans in 6 of 10 bureaus has been completed, including the cataloging of their museum property collections. Plans for the remaining four bureaus are in various stages of implementation and future progress is being guided by resource availability. These bureaus are meeting annual cataloging thresholds and other plan implementation goals established by the Department. Bureau corrective actions will continue to be monitored by the Department until plans are fully implemented. In summary, these bureaus are expected to complete cataloging of a minimum of five percent of baseline estimates of museum property objects each year, until a minimum of 80 percent of the museum property objects are cataloged.

***Irrigation of Ineligible Lands (BOR).*** The Bureau of Reclamation (BOR) had not given sufficient priority to identifying and resolving instances of federal water being delivered to ineligible lands on at least 24 projects in eight states. Consequently, the federal government provided unintended benefits to water users who did not pay the full cost of supplying the water used to irrigate ineligible lands. The Bureau of Reclamation completed an internal assessment of unauthorized use of federal project water to define the data requirements needed to ascertain the extent to which ineligible lands receive federal water. Seven of the 24 projects resolved the unauthorized water use issue. The other projects have made significant progress and have plans in place to correct the unauthorized water use issue through a combination of land classification, water conservation, environmental assessments, prioritization of projects within regions, and compliance enforcement on contract violation issues. A framework for addressing these issues, including an expansion of programs and policies promoting efficient district water use and pricing, was developed and approved by the Commissioner, BOR, in September 2002. The Department and the OIG approved the framework in September 2002. Implementation actions will continue to be tracked by the Department.

***Accounting Operations (MMS).*** The independent auditor's report on MMS's FY 1999 financial statements found that ineffective controls had prevented the timely reconciliation of general ledger accounts and production of timely, accurate, and reliable financial data required for financial statement preparation (exclusive of the Minerals Revenue Management Program). To resolve

this material weakness, MMS: reassigned and segregated duties and responsibilities within the Financial Management Branch; implemented a plan to ensure specific individuals and officials were held accountable for non-compliance with established internal controls; established a special projects team in conjunction with the Department and the OIG to complete year-end account reconciliations; developed and entered correcting adjusting journal entries; and, produced reliable, accurate, and timely financial statements in accordance with governmentwide standards for FY 2002. MMS also implemented other recommendations for internal control improvements recommended by the independent auditors, including organizational changes, staff realignments, and desk procedures.

***Debt Collection (BIA).*** The BIA determined that policies, procedures, and guidelines were inadequate, obsolete, outdated, and otherwise insufficient to properly administer debt collection functions. Further, BIA did not consistently or routinely pursue the collection of debts in an aggressive and timely manner as required by the Debt Collection Act. BIA's debt collection activities are divided among the Division of Accounting Management (DAM) for administrative debt, the Office of Trust Responsibilities (OTR) for irrigation and power debt (which is a component of the Irrigation Operations and Maintenance material weakness and corrective action plan), and the Office of Economic Development (OED) for direct and guaranteed loan debt.

BIA has centralized the debt collection functions for OED at the Headquarter's level in Washington, D.C., and hired a debt collection coordinator. The OTR centralized its processes within the Power and Irrigation Reconciliation Team in Denver, Colorado. BIA has revised and issued debt collection guidance for each of these entities; reconciled and billed receivables at irrigation projects; collected, wrote-off and referred delinquent irrigation and power debt to Treasury; completed construction debt reconciliations; began the conversion of irrigation projects to the National Irrigation Information Management System (NIIMS) which is interfaced with the Federal Financial System (FFS); developed internal procedures for writing off and referring administrative and loan debts to Treasury; and will finalize the publishing of the Indian Affairs Manual Section on Debt Collection after Solicitor Office review on or before March 2003.

***Real Property Management (BIA).*** BIA determined that it did not have written policies, procedures, and accounting guidance to ensure proper and accurate accounting for and administration of real property. To correct this weakness, BIA transferred control over accountability-related activities for all BIA real property assets (buildings, other structures, improvements to land, land, capital leases, and lease-hold improvements) to the Division of Accounting Management, including real property activities associated with construction-in-progress completion requirements, disposals (Reports of Survey), and donations to tribes or tribal organizations. Policies, procedures, and guidance have been updated. Inventories have been taken and accounting adjusting entries have been entered into the financial system. BIA has also verified property data, reconciled general ledger and subsidiary property records, and enhanced documentation.

***Acquisition Management (BIA).*** The BIA determined that its procedures, agency specific guidelines, and organization structure were inadequate to properly administer procurement functions in the following areas: awards process; conflict of interest; Buy Indian Program; property management contracts; and Interior Procurement Data System (IPDS) reporting. To correct these deficiencies, BIA developed and distributed comprehensive policy and instructional guidance, and conducted training; established new performance appraisal standards for contracting personnel; established a Bureau Acquisition Review Board; performed administrative management reviews and follow-up Quality in Contracting Reviews; established a policy that purchase card acquisitions over \$2,500 must be entered into the Interior Department Electronic Acquisition System (IDEAS); transferred responsibility for contracting functions of the Office of Facilities Management and Construction to the Division of Acquisition and Property Management (DAPM); conducted three consultation sessions on the Buy Indian Regulations; and drafted Buy Indian Act regulations which have been cleared through the Department and forwarded to the Office of Management and Budget.

***Wild Horse and Burro Program (BLM).*** In 1997, the BLM determined that its Strategic Plan for the management of wild horses and burros was not adequate to achieve appropriate management levels (AMLs) on public lands. Delays in the implementation of appropriate herd management guidelines resulted in over population and unhealthy rangeland conditions. Since that time, the BLM has performed annual program reviews, established a Wild Horse and Burro Advisory Board; established GPRA performance goals; applied a one-year immunocontraceptive vaccine to over 2,000 mares; developed and implemented a short-term adoption promotional plan; created a national marketing/promotion team to provide leadership and develop products to increase adoption successes; developed a process to track animals and costs, from gather to adoption; secured increased budgetary funding to implement "A Strategy To Achieve Healthy Rangelands and Viable Herds" over a four year period; contracted for four new long-term holding facilities for the placement of excess unadoptable animals; and, issued an Instruction Memorandum to the field on the implementation of the strategy to achieve AML on all herd management areas.

**Land Exchange Program (BLM).** A 1997 OIG audit found that the management and oversight of land exchanges threatened the integrity of the Land Exchange Program. Specifically, corrective actions were needed to ensure compliance with laws, regulations, policies, and standards, and that fair and equitable appraisals were developed and included in land exchange determinations. The following actions have been taken to address these issues: BLM's Land Exchange Handbook was revised to incorporate new policies and procedures (a draft was issued in September 2002); the National Land Exchange Evaluation and Assistance Team was established; the Appraisal Manual was revised; a joint BLM/U.S. Forest Service appraisal training course was developed and offered; the Advanced Land Transactions Course, training and workshops on the land exchange process was conducted; Deloitte Touche was engaged to perform Agreed Upon Procedures reviews of financial records related to 24 assembled land exchanges and 21 of the 24 reviews (88 percent) were completed; and, management control reviews of the Land Exchange Program were conducted in California, Oregon, Washington, Utah, Wyoming, New Mexico, Nevada, Idaho, Montana, and Arizona.

In FY 2002, BLM commissioned an independent peer review of the management and conduct of its land exchange appraisal function by The Appraisal Foundation of Washington, D.C. The review focused on BLM's appraisal organization, policies and procedures, including an evaluation of the alternative approach implemented in Washington County, Utah. The review was intended to identify recommendations that when implemented, would ensure BLM's appraisal function protected the integrity and independence of the land appraisal process. The review identified a series of deficiencies, which the BLM has reported as a new material weakness in FY 2002 and which will be mitigated over the next two fiscal years. In response to this report, on October 25, 2002, the BLM announced the implementation of a 90-day review of all existing land exchanges, including a review and analysis of all land exchange appraisals by an independent contractor. No land exchange closings may be processed during this period without Washington Office Review and approval by BLM's Deputy Director. The purpose of this review and approval process is to ensure compliance with laws, regulations, and revised policy directives for land exchanges and to ensure that appropriate appraisals were developed and used in land exchange determinations. BLM will extend the 90-day review period if the results of the review warrant such action.